Recommendation 142 (1957)[1]

Measures to be taken in order to permit of the floating of loans by local authorities on foreign and international capital markets

Parliamentary Assembly

The Assembly,

Considering that the socialproblem and the improvement of people's living conditions in towns and ruralcommunities cannot be dissociated from the circumstance that it is importantfor the economic expansion of European municipalities and regions and for thegeneral development of the continent of Europe that local communities and theirnational institutes should have power to borrow freely from private sources,whether national or foreign, the capital they need for the improvement andmodernisation of public, social and cultural installations and the developmentand stimulation of local economic activities;

Considering thatmunicipal loans can offer special guarantees and that the objectives attainableby such loans are particularly valuable,

Recommends that theCommittee of Ministers should urge the Member Governments :

to establish a common basis for financing andextending municipal credit;

to take the necessary steps toenable municipalities, and national municipal credit institutes, to issue loanson foreign and international capital markets; and more particularly :

a. the Governments of lending countries to grantthe necessary facilities for the raising of such Loans in their territory andfor the export of capital for investment in those loans;

b. the Governments of borrowing countries :

to authorise the issue of such loans;

toprovide, in connection with these loans, due guarantees in respect of thetransfer of annual instalments of redemption and interest payments;

c. all the Governments to promote, wheresuch do not already exist in their territories, the establishment of nationalinstitutes for municipal credit, administered by the local authorities, such asthe Credit Communal de Belgique, the Bank voor Nederlandsche Gemeenten or theDanish Kommunal Laane-fond, which offer the advantage of enabling loans issuedby small municipalities to be grouped together, and which serve as thenecessary intermediary between these municipalities and the foreign investors.

1. seeDoc. 638, Report of the Committee onLocal Authorities This Recommendation wasadopted by the Assembly at its 10th Sitting, on 4th May1957